

**Opening Statement
Chairman Ken Calvert
Space and Aeronautics Subcommittee
Committee on Science
U.S. House of Representatives
Hearing on
Financial Management at NASA: Challenges and Next Steps
October 27, 2005**

This morning, I want to welcome Congressman Todd Platts, Chairman of the Subcommittee on Government Management, Finance, and Accountability of the House Committee on Government Reform, as we co-chair this important joint hearing on NASA's Financial Management system. I also want to welcome my Ranking Democrat Mark Udall and Ranking Democrat Edolphus Towns, of the same Subcommittee on Government Management, Finance and Accountability.

As you know, I am a strong supporter of NASA. I want NASA to be successful. However, as a businessman, I also know that without sound financial management, NASA will not be able to achieve the goals set for its programs. Sound financial management is an integral part of good management within any organization. I have met with Ms. Sykes and Mr. Ciganer and know that they are working very hard to fix the problems with NASA's financial management operations.

The Government Accountability Office (GAO) will be releasing a report at this hearing today that summarizes NASA's progress in implementing the recommendations made by GAO over the last two years. The GAO found that NASA has closed out only three of the 45 recommendations and 13 of the recommendations have only been partially implemented. This leaves 29 recommendations that are still open. While NASA has made some progress, clearly there's a long way to go.

When I met with Ms. Sykes and Mr. Ciganer, they told me that there have been some improvements to NASA's financial management system: monthly statements are now more timely for the programs and centers, although there are concerns over the accuracy of these statements; NASA has improved controls over its assets; and, the financial management teams at the NASA centers now report to the agency CFO, Ms. Sykes. Although there are definitely many financial management problems ahead for NASA, I am hopeful that the agency may be turning the corner in a more positive direction as it wrestles with these very difficult, but critical, financial management challenges.

I am concerned that in three of the past four years, independent auditors have been unable to give NASA's financial records a passing grade. Administrator Griffin, when he testified before the Science Committee in June, characterized the status of NASA's financial management as "deplorable." Not only is financial management critical to successful operation of the agency, but we in the Congress also need reliable financial information in order to carry out effective oversight. We don't want to risk the future of

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NASA's new programs and ventures, by having them built on a shaky financial infrastructure. I want to see this great nation lead in the areas of exploration, aeronautics and the sciences, and don't want us to risk this leadership with unstable underpinnings in the agency's financial system. I look forward to hearing from our witnesses today as they identify the problems that NASA is facing, as well as offer solutions so that NASA address these challenges and manage its important programs successfully.

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